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South Carolina Department of Insurance Joins Coalition for Fairness to Captive Insurers

The Internal Revenue Service (IRS) has proposed revisions to regulation section 1.1502-13. These revisions would adversely impact a long standing tax accounting treatment for captives and potentially drive many away from U.S. regulation to offshore domiciles. When Scott Richardson, Director of Insurance for South Carolina, learned of the proposed regulatory changes on September 28, 2007 he knew the potential impact it could have to South Carolina's growing captive insurance industry.

Director Richardson issued a letter on October 4th to the entire South Carolina Congressional delegation urging that they take a hard look at this regulation and to do everything in their power to come to the aid of the captive community and help defeat this proposal. Since then he has made personal visits to Capitol Hill to push for fair treatment for captive insurance companies, in South Carolina, throughout the United States and globally.

With an ever growing number of international and Fortune 500 companies choosing South Carolina as the home for their captive insurance and ARTS business, the South Carolina Department has gotten the word from its companies: "This proposal will be harmful to our present or future plans."

In response to the proposed regulation the Coalition for Fairness to Captive Insurers (CFCI) was formed in late October. The South Carolina Department wasted no time in combining its efforts with those of the Vermont Captive Insurance Association (VCIA), Captive Insurance Companies Association (CICA) and the more than 40 other captive industry leaders who have pledged their money and talent to preserving the fair treatment of the industry. Director Richardson hopes that all captive associations, captive regulators and companies will join the efforts of the Coalition.

"It is only through a united effort by the entire industry, speaking clearly and with one voice, that we can achieve the attention and education that is needed to make sure this proposal does not adversely affect the gains we have made. Captive insurance, when administered by responsible state regulators and professional managers, is good business. We will oppose any measure that will penalize or create disincentives for these companies," Richardson said.

As a member of the Coalition, The South Carolina Department of Insurance hopes to not only lend its name, but its political acumen, contacts and other resources to the effort. Director Richardson urges, "Everyone with a stake in this issue—or in the future of a well-regulated U.S. captive industry to become involved in safeguarding the future of the industry."